

SENATE BILL 1226

By Bell

AN ACT to amend Tennessee Code Annotated, Title 66,
relative to transfers of future interests in property.

WHEREAS, the Tennessee Supreme Court held that certain future interests retained by a grantor are not alienable in *Pickens v. Daugherty*, 397 S.W.2d 815 (Tenn. 1966), and in *Yarbrough v. Yarbrough*, 269 S.W. 36 (Tenn. 1924); and

WHEREAS, these decisions have not been codified; and

WHEREAS, alienation for the possibility of merger of interests may be desirable in certain circumstances; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 66, Chapter 1, Part 1, is amended by adding the following language as a new section:

(a) A transfer of a possibility of reverter or right of entry by a holder other than the original grantor is invalid; provided, holders of a possibility of reverter or right of entry may freely transfer the interests to the holders of the corresponding fee simple determinable or fee simple subject to condition subsequent for the purpose of merger of the interests in any grantee.

(b) This section applies to future interests regardless of whether the interests were created before, on, or after July 1, 2015; provided, this section does not apply to any future interest, the validity of which has been determined by a final judgment in a judicial proceeding or by a settlement among interested persons prior to July 1, 2015.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.